

# Developing a Heuristic Model for Predicting the Challenges Facing Western Business People in Hong Kong

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## Abstract

This paper is based on an investigation which has utilised data collected from ten different case studies related to Hong Kong. Each case study deals with issues and challenges facing Western expatriates residing in Hong Kong for the purposes of business. The interviews have been analysed carefully and commonalities, in terms of challenges, have been identified and form the basis for building a heuristic model.

The heuristic model can help Westerners determine their Challenge Index. They can also perform a what-if analysis by altering the weightings of the factors or compare their situation with other fellow expatriates. It is envisaged that further work and research to enhance this model will be carried out as part of ongoing research in this area.

**Key words:** Heuristic, Model, Challenge, Expatriate

## Introduction

This paper is based on an ongoing research project that investigates the factors that contribute to successful assimilation by Western professionals in different countries. In their preliminary work, the researchers developed and presented a heuristic model for quantifying and predicting a Challenge Index for western expatriates in Japan. The index can be used to determine the level of difficulty of living and working in Japan or comparing this scenario with others. For instance, an expatriate working in Japan, would be able to compare his or her own difficulty for different conditions or compare the index with other fellow expatriates. It should be emphasized that the model is not intended to be an exact or optimisation based model but instead, a guide in the form of a heuristic model.

The authors have continued working on the same research project by extending its application to a set of data obtained from detailed interviews with the Western business people residing and working in Hong Kong.

The main objective of this paper is to identify and present effective means of adopting suitable approaches and adjusting attitudes for the purpose of work in Hong Kong. The investigation is based on ten different case studies chosen from a large database of

interviews in various countries and settings. The selected interviews for the analysis were the most appropriate cases related to Hong Kong. These cases are detailed and structured interviews with professionals, from a number of different countries who reside and work in Hong Kong.

These professionals have had experience in various fields and are presidents, directors, consultants, teachers or business owners. Hence, their experiential knowledge about the challenges and how to effectively overcome the issues are quite valuable. The interviews are extracted from the Acadia Multi-Media Case Management System (AMCMS). The entire system comprises 340 case interviews related to various fields in several countries.

A number of research articles that inform this study are reviewed and the methodology used to collect and analyse the data sample is outlined. A series of predictions are then presented based on insight from articles and the video interviews. Based on this analysis, the paper proposes a heuristic model for the purposes of predicting the Challenge Index for a prospective Westerner wishing to work and reside in Hong Kong.

The following sections of this paper demonstrate how the research was conducted, data was collected and the model was built.

### **Notable Literature**

Differences between national cultures is a topic of interest to many. Popular among researchers are models that seek to explain and describe these differences. Two frameworks in particular inform this study. One of these was created by Dutch researcher Geert Hofstede and published in numerous studies over time (Hofstede, 1980, Hofstede, 1993). He classified countries based on the survey data collected in early 1970s' from over 100,000 IBM employees located in 72 countries. Initially 40 countries were classified. Further analysis of the data allowed three regions and ten other countries to be classified according to four dimensions of culture that he labeled uncertainty avoidance, masculinity, power distance and individualism. Research conducted a few years later uncovered a fifth dimension that was termed long term orientation.

This last dimension refers to the acceptance by a culture of a long term and traditional view of time. Tolerance for ambiguity refers to the uncertainty avoidance dimension. The extent to which stereotypical male and female characteristics are found in a culture was captured by the masculinity dimension. The degree to which inequality is accepted in a society was termed power distance. Finally, whether the interests of the individual or the group take precedence is referred to as individualism.

Originating with the ideas of sociologist, Talcott Parsons, a fellow Dutchman Franz Trompenaars (1994) used survey data from 28 countries to categorize national cultures according to five bipolar dimensions. He used questions that posed different dilemmas of everyday life. Achievement as opposed to ascription refers to whether status is given or whether we need to prove ourselves. Specific as opposed to diffuse refers to whether we handle ourselves in predetermined ways or whether our relationships are contextual and

changing. Neutral versus emotional refers to whether individuals display or hide emotions. Universalism as the opposite of particularism is concerned with whether rules or relationships take precedence. Finally, similar to Hofstede's model, individualism versus collectivism explores whether the needs of the individual or the group is dominant in a society.

These two models or frameworks of national culture differences are well known and have been popularised in many management textbooks. They also prove useful for explaining some of the experiences of the Canadian expatriates in Hong Kong.

### **Data Collection Methodology**

The research site of this study is Hong Kong. Opportunistic search was used to identify interview candidates who were residing and working in Hong Kong. These business people were engaged in both manufacturing and service industries. Prospective interviewees were contacted two months prior to the interview by e-mail to obtain their consent, arrange an interview date and location and pass on the survey instruction. Interviews lasted approximately 40 minutes. Typically 20 minutes were needed to set up equipment and 20 minutes were needed to take down the film set and depart. Interviewees were filmed from the chest up. The interviewer is not seen or heard in the interview.

The video interviews are hosted on the Acadia Multimedia Case Management System (AMCMS) which is a web-based, password protected, scalable platform designed for higher education business students and the corporate training market. The software consists of two main components: (1) a customizable web-based (case) hosting platform that includes teaching assessment and content management tools; and, (2) tagged videos (including transcribed text) and multimedia case content (including text, videos, graphics, etc.). A tag cloud, tag index, title index, free form internal Google search engine and set advanced search categories provide the tools for users to search content.

The video interviews form part of the Acadia International Executive Insight Series (AIEIS) collection. It currently hosts over 340 interviews and almost 7000 video clips. Each interview and each video response clip associated with each interview is tagged, transcribed and tied to a question. A typical interview has 20 video clips. Each clip is an open ended response to a question. The length of a typical video clip normally ranges between 30 and 90 seconds. Each interview is in turn linked to an industry, a revenue class, a specific size, a location, category of number of employees and a copyright date. Tags number in the hundreds. Along with concepts such as typical workday, leadership style, role, business model and many others, tags also include gender and title.

### **Discussion**

The working hours in Hong Kong are, without a doubt, quite long. People tend to spend in excess of 40 hours per week. There is no doubt that in many parts of the world people also invest time and effort above the usual expectations. The time spent may also be at

home in the evenings or over the Weekend. The following interview transcripts support the fact that in Hong Kong the time spent at the office is certainly rather long.

“We’re a global business and a global team. As you know in global business the clock never stops, the customer never sleeps. Somewhere we always have some member of the team working to support our customers. My day usually starts at 6:00-6:30 am where I go through the emails that have come in overnight from the US and action those as required. I live on another island about 20 minutes off the coast of Hong Kong Island so I’ll catch the ferry into the office. After the day here I’ll go home, have dinner, and in the evenings usually catch up with colleagues on the phone in the US.

“Core office hours are 9-6, so I guess like most folks it is about a 50 hour work week in the office. But again, as we are a global team and we work worldwide, if you add in the time in the mornings on the email and the time in the evenings honestly it is more like 70 or 80 hours.” Source - Dell Hong Kong.

A foreign chamber of commerce manager had the following comments about his workday which also confirms the longer hours spent at work.

“Hong Kong is quite dense given the way it is shaped. You can get anywhere within a half hour. I live just down the street. To get to work it is a ten minute walk. Once I come in, as I service all the different members, their business questions and their requests for introductions, I generally start work in the morning each day facing close to one hundred e-mails. Then I start off the day and I work off of that. A few phone messages, and my day just progresses from answering those e-mails, putting people in touch, with others, answering business questions and then, of course, meeting people who are more interested in the chamber of commerce and what it can do for their business.

During the week it is usually a ten to eleven hour day and that is quite normal in Hong Kong. In other places that I have visited, business seems much more relaxed relative to working the ten or eleven or twelve or thirteen hour days that is quite normal here. Back in Canada, after eight or nine hours, people are quite ready to leave. Over-time, yes it will be compensated. Here you work the ten, eleven or twelve hours or whatever it takes and that is the norm. Business gets done. It is day long and it is even night long. Relative to other places where you cut off work and work is over and done with, here that is not so much the case. You are always doing business.” Source– Canadian Chamber of Commerce

In terms of challenges facing the expatriate community, Hong Kong has features distinct from those associated with the Australian, North American or European countries. For instance, a lack of space is probably one of the more significant factors affecting the lifestyle of both the local people and Western expatriates in Hong Kong. As suggested by Tak Yu Leung et al (2011), gardening and yard work, in Hong Kong, are rare aspects of life for many citizens. Hence, a Westerner seeking to live and work in Hong Kong should be aware of this kind of restriction on lifestyle. Being mindful of the differences facing a

western business person wishing to live and work in Hong Kong is explained quite well in the following interview:

“I think people coming to Hong Kong should be mindful of the differences. You should be mindful that although Hong Kong was an English colony for about one hundred and fifty years, none the less Hong Kong retains a very Asian flavour and the cultural and behavioural norms to be successful here are much more influenced by Chinese cultural characteristics than Western cultural characteristics. For example, patience is extremely important in this part of the world. Communication is often indirect and not direct as it is in Western cultures. There is a much higher context to business relationships than I observe in North American business. If you can bear in mind all of these cultural differences and come to Hong Kong with an open mind, I think most people could prepare themselves well for success. It is not about the language, it is about cultural understanding.” Source – Dell Hong Kong.

While the culture of Hong Kong differs from the West one should remember that to a large extent, these differences do not pose a problem. Hong Kong can be labeled as multi-cultural rather than a uni-cultural society. According to Chan Kwok (2011). Hong Kong is an ideal place to witness how different forms of cultural hybridity are produced, promoted and consumed. Hence, Western attitudes are not foreign to the people of Hong Kong. A reasonably balanced combination of Eastern and Western cultures exist in Hong Kong. As noted by Yiu-wai Chu (2011), the “blend of East and West” cliché was something that has been welcomed by the Hong authorities. The existence of this unique balance is supported by the interview given by a western business person as follows:

“What I would say is that, initially, the degree of variety of business cultures that you’ll come across in Hong Kong will be , certainly compared to the US and most people that have moved her from the US or London, what you will find in Hong Kong now is that most businesses have localized to a degree. When I moved from Goldman in London to Goldman in Hong Kong in 1996 was not a huge change of culture because the office back then was mostly experts, the professionals were experts. What happened during the following ten years was the office localized; Looking to hire Chinese people to do business in China, Indians to do business in India, South East Asians for Indonesia and Malaysia. So you come across, professionally, a very broad range of cultures which I think is the first thing you notice when you work in an office in Hong Kong. The US is very homogenous in terms of culturally, linguistically and the sort of things you chat with your colleagues about. Out here there is a much greater variety. That is the first thing I would say, the second thing I would say is that there is not a lot to be concerned about. Hong Kong is a

very easy place to live for experts. Getting around town is easy, there is no commuting. Things stay open; it is easy to communicate with people in English. If you choose to live in the new territories that would be different but if you spend most of your life in Central where experts choose to live, you would get around with English you would not have to learn another language. It is a very easy lifestyle. Expert families tend to love it. If you have a family with kids you could have a couple of helpers that live with you, which is very cheap. You never have to do a stitch of housework; you don't have to pick the kids up from school. If you want you can get a driver, that's also ridiculously cheap compared to what it would cost in the UK. Lifestyle is actually quite good. The main problem that experts in my experience have had with Hong Kong is the level of pollution. I've been here for 14 years I'm probably used to it, but for a lot of people it is a problem.”  
Source - A Portfolio Manager.

Another expatriate has also commented on the multicultural aspects of life in Hong Kong as follows:

First of all, for any foreigner coming to work in Hong Kong, it is a very special place. It is one of the many places where people say I would love to come to Hong Kong to work. Why? For many reasons. It is a very international city and very lively. Places do not close until very late at night. The culture itself is very special. The people speak English. They speak Mandarin and Cantonese which is the local dialect. In terms of the local environment it can relate to the Western world quite a lot. It is very similar but the hours can be much longer. People seem to work a little bit harder here. But for Western people coming here, it has many activities, many places to eat and many places to visit. It is really has an abundance of everything. Source – Compass Group.

heuristic model, based on the discussions provided above, has been developed which is presented in the next section.

### **A Heuristic Model**

Data analysis and evaluation of the selected cases noted above led to the identification of a set of issues, themes and topics which in turn were grouped into a set of common challenges. The groups captured ideas such as coping with the long working hours at the office, the pollution in Hong Kong, the lack of space, in particular when compared with Canada or Australia and finally cultural differences. Although Hong Kong has been, to a very large extent, influenced by the British ways of life and working, Chinese culture and customs are quite dominant in the society. Since, the majority of the local people are very familiar with the Western ways (through the British influence), cultural differences do not pose a great challenge for Westerners. This finding was noted in the interviews. Hence,

cultural differences are ranked lower than the other factors in terms of challenges. The two frequently mentioned challenges include spending long hours at work and the existence of significantly high pollution. A lack of space, especially in the case of the Canadian expatriates, is certainly another challenge. As English is widely spoken and understood, the Language Challenge is not included in the model as a contributory factor towards the challenge index.

For the purposes of this paper, the possible problems or challenges have been classified under four main categories. The rationale for this grouping is based on the frequency of issue topics mentioned in the interviews. The following are the main topics raised and discussed by the interviewees.

- 1). Long Working Hours
- 2). Pollution
- 3). Population Density
- 4). Cultural Differences

It should be noted that the emphasis placed on each category and the frequency of its occurrence in the interviews was noted during the observation. As a result, the categories for the issues were ranked according to their importance. Long Working Hours has the highest weighting and the Cultural Difference issue ranks number four.

If we allocate weighting values of 4 to 1 to these categories, Long Working Hours will receive 4, Pollution 3, Population Density 2, and finally Cultural Differences 1. Now we may utilise these categories as factors contributing to what we have referred to as the “Challenge Index”. In other words, these factors can be regarded as the independent variables of our heuristic model and the Challenge Index will be dependent on these variables:

$$CI = \text{Function of } \{ LWH, P, PD, CD \}$$

Where:

LWH = Long Working Hours

P = Pollution

PD = Population Density

CD = Cultural Differences

In which, the independent variables in the model are assumed to have an additive effect on each other.

Therefore, a prospective expatriate by inserting values in the model may approximate a Challenge Index for their experience in Hong Kong. This process can be completed by substituting zero (0 being the smallest value of effect) for absence of the factors (independent variables), or approximate percentages for the strength of the existing factors for each category. These percentages can then be multiplied by the factor rankings of

(4,3,2 or 1). Finally all the products (up to 4) can be added up to determine a guiding figure as a challenge Index.

Mathematically, the Challenge Index ranges between 0 ( $4 \times 0\% + 3 \times 0\% + 2 \times 0\% + 1 \times 0\%$ ) and 10 ( $4 \times 100\% + 3 \times 100\% + 2 \times 100\% + 1 \times 100\%$ ). Practically, however, the index value should be a figure above zero and less than 15 as zero or one-hundred percent difficulty levels for any category would not be realistic. A nominated figure, based on the initial testing with people who have had the experience of living and working in Hong Kong, suggests the range 2 to 8. If we take the mid-point of this range, then we will have the figure 5. Therefore, we may regard the band consisting of 4,5 or 6 as a reasonable threshold for the difficulty level. That means, a Challenge Index of 8 causes more difficulty compared to a Challenge Index of 4 or 3. It must be emphasized that this approach should be treated as a heuristic (close enough) rather than an optimisation (exact) model.

Let us consider an example based on a real situation of one of the interviewees:

LWH = 0.3 - 0.3 means that the user of the model perceives his difficulty level with the long working hours as 30%. In other words, this person has 70% confidence in his capabilities to cope with this issue.

$$P = 0.7$$

$$PD = 0.4$$

$$CD = 0.3$$

Now, we substitute these percentages into the model as follows:

$$CI = \text{Sum of } \{ 4 \times 0.3 \text{ and } 3 \times 0.7 \text{ and } 2 \times 0.4 \text{ and } 1 \times 0.3 \}$$

$$CI = 4.4$$

The figure was checked and confirmed by the participant as a lower challenge index. In other words, this particular expatriate did not feel that he had a great deal of difficulty residing and working in Hong Kong.

It should be noted that this model, as suggested above, provides a figure as a guide which can be used for comparison purposes with other expatriates. It can also provide an opportunity for performing what-if analyses. Hence, the user of the model can relax a factor, increase or decrease its percentage and then determine some guiding figures. If the person in question, for instance, decides that they have made some progress in terms of dealing with the pollution issue and their difficulty for it deserves a lower percentage then they may choose a smaller percentage than fifty. As this is intended to be a heuristic rather than a rigorous model, it is therefore suggested that larger increments such as 25%, 50%, 75% are used.

## Conclusions



Based on in depth interviews with the western business people who reside in Hong Kong, this paper has investigated the challenges facing expatriates wanting to engage in business in Hong Kong.

The paper has demonstrated how a heuristic model for determining the Challenge Index for a Western business person wishing to reside and work in Hong Kong can be created. The model has the potential for comparative or what-if analysis by someone who wishes to monitor and adjust the challenges and difficulties facing them in a different situation. It is recommended that enhancements using additional data for testing and further development to be carried out in the future. Hence, future research projects related to the enhancement of this model are envisaged.

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